

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 9/20/2016	(3) CONTACT/PHONE Megan Martin, Planner III / (805)781-4163	
(4) SUBJECT Request to adopt a revised Memorandum of Agreement between the City of San Luis Obispo and the County of San Luis Obispo regarding the Sphere of Influence. All Districts.			
(5) RECOMMENDED ACTION  It is recommended that the Board:  1. Adopt a revised Memorandum of Agreement between the City of San Luis Obispo and the County of San Luis Obispo regarding the Sphere of Influence.			
(6) FUNDING SOURCE(S): General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input type="checkbox"/> Board Business (Time Est. ____ )			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)  N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? Yes	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A    Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) All Districts			

## County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Megan Martin, Planner III

VIA: Trevor Keith, Deputy Director / Policies and Programs

DATE: 9/20/2016

SUBJECT: Request to adopt a revised Memorandum of Agreement between the City of San Luis Obispo and the County of San Luis Obispo regarding the Sphere of Influence. All Districts.

### **RECOMMENDATION**

It is recommended that the Board:

1. Adopt a revised Memorandum of Agreement between the City of San Luis Obispo and the County of San Luis Obispo regarding the Sphere of Influence.

### **DISCUSSION**

The Local Agency Formation Commission (LAFCo) has prepared a Sphere of Influence (SOI) Update and Municipal Service Review (MSR) for the City of San Luis Obispo in accordance with the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act). These documents were released for public review on June 16, 2016. The purpose of the SOI Update and MSR are to analyze the City's capability to serve existing and future residents and to establish an SOI boundary for the City's probable growth and service area over the next 20 years.

The SOI helps identify probable urban boundaries, discourages urban sprawl and helps preserve open space between communities. The SOI also provides for more efficient provision of public services and is consistent with the policies of the San Luis Obispo LAFCo. The existing SOI boundary reflects City policies regarding growth, development and urban services. No additional properties or changes to the SOI boundary are being considered as part of this proposed SOI Update.

#### **Background**

The CKH Act is the section of the State Government Code (Government Code Section 56000 et seq) that requires the LAFCo to update the SOI for all applicable jurisdictions in the County of San Luis Obispo. LAFCOs were created by the State of California to ensure orderly growth of and the provision of services by cities, independent service districts, and counties. LAFCOs have final decision-making authority over annexations and detachments, special district boundaries, and SOI boundaries.

A SOI is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality..." A SOI is generally considered to be a 20-year, long range planning tool, however there is no requirement that areas identified in the SOI be annexed within that period nor does it create a requirement to deliver municipal services to these areas. The SOI is an important tool used by LAFCo to plan for future annexations. For a property to be annexed into a city it must be inside the approved SOI boundary. The SOI does not convey legal authority for development. It is a planning and policy tool used by LAFCo to consider future areas to be served by a jurisdiction. Nor does it change land use categories or give a property owner any more land use entitlements than already exist with a particular property. The SOI does not define or identify specific development projects, change or modify zoning, or grant land use entitlements.

### Memorandum of Agreement

As part of the SOI Update process, the CKH Act provides an opportunity for the City and the County to meet and reach agreement on the SOI boundaries, development standards, and zoning requirements for the areas of the sphere to be amended. Agreement on these matters is documented and approved by the City and County in the form of a Memorandum of Agreement (MOA). The CKH Act gives LAFCo power to “approve or disapprove with or without amendment, wholly, partially or conditionally”. LAFCo is required to give “great weight” to an approved agreement between the City and County when considering the SOI Update.

The Board of Supervisors has entered into other Memorandum of Agreements (MOA) including those with; the City of Morro Bay, the City of Paso Robles, the Nipomo Community Services District, the City of Pismo Beach, the City of Atascadero and the City of Arroyo Grande. The MOA is not intended to supersede or limit the existing planning or environmental review process of either jurisdiction. The general intent of the MOA is to ensure close coordination and cooperation between a City and County on the future planning and development of the areas within the SOI boundary.

### City and County Coordination on the MOA

County staff of the Planning and Building Department and the City of San Luis Obispo has participated in a series of discussions with LAFCo to discuss County involvement in the San Luis Obispo SOI Update. This resulted in a more coordinated planning effort targeted at identifying potential growth issues and patterns occurring in the area immediately adjacent to the City and possible expansion areas.

### LAFCo Review

LAFCo staff worked closely with the City and County staff to; 1) collect accurate data on land use, demographics, and services, 2) understand the City’s and the County’s policies and regulatory framework, and 3) solicit input during the preparation of the draft SOI and the MSR documents. LAFCo released the draft SOI Update and MSR for the City of San Luis Obispo for public review on June 16, 2016.

### The Revised MOA

The SOI Update consisted of relatively minor textual (i.e. updated goals and policies) and graphical (i.e. tables, maps, etc.) revisions including additional policies from the Agriculture, Conservation and Open Space Elements and the EnergyWise Plan. The SOI boundary is not changing as a result of this update. Refer to Attachment 1 for the draft SOI and the MSR and Attachment 3 for the proposed changes to be incorporated into the final version.

### Next Steps

The City Council approved the proposed MOA for the SOI Update on September 6, 2016. To complete the MOA process and formalize the agreement, the Board of Supervisors would need to approve the MOA as proposed. Any modifications to the MOA directed by your Board today would need to be submitted back to the City and the City would need to take action on those revisions.

Once the MOA is executed by the City and the County, LAFCo will be considering the following actions as part of this SOI Update; 1) approve and adopt the environmental documentation pursuant to CEQA, 2) approve a MSR for the City of San Luis Obispo, and 3) approve and adopt the San Luis Obispo SOI Update.

## **OTHER AGENCY INVOLVEMENT/IMPACT**

LAFCo is the lead agency responsible for preparing the SOI Update and MSR required by state law (CKH Act) with City and County participation. On September 6, 2016, the City of San Luis Obispo adopted the proposed MOA with the County on the proposed boundaries, development standards and zoning requirements for the SOI Update. The City will also be the lead agency on the future preparation of any General Plan updates for areas within the SOI boundary before they are annexed. The City and LAFCo staff worked together with County Planning staff in reviewing the proposed SOI Update.

## **BUSINESS IMPACT STATEMENT**

There are no measurable fiscal impacts associated with the recommended actions.

## **FINANCIAL CONSIDERATIONS**

Staff participation in the proposed SOI Update and the MOA is covered by the department's current budget.

## **RESULTS**

Adoption of the MOA will formalize the intent of the County of San Luis Obispo and the City of San Luis Obispo for a cooperative and coordinated approach to the future planning and development of the area proposed to be included within the updated SOI. Adoption of the MOA also ensures that LAFCo will consider the City and County's intention for the area when considering the SOI Update.

This MOA is consistent with the County's goal of promoting a safe, healthy, livable, prosperous and well-governed community.

## **ATTACHMENTS**

1. Attachment 1 – Memorandum of Agreement between the City of San Luis Obispo and the County of San Luis Obispo Regarding the Sphere of Influence
2. Attachment 2 - City of San Luis Obispo September 6, 2016 Council Agenda Report: Memorandum of Agreement between the City and the County Regarding the City's Sphere of Influence
3. Attachment 3 – LAFCo Recommended Changes to the Draft SOI Update and MSR